

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
5.00% Prime Yield (office)	▲	▬
€2.5bn Total Volume, Roll. 12m	▼	▲
€1.67bn Total Volume, 2024 YTD	▼	▲
€0.52bn Resi. Volume, 2024 YTD	▼	▲
€0.50bn Indust. Volume 2024 YTD	▲	▲

(Source: Cushman & Wakefield, KTI)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
0.52% GDP Growth Q-to-Q	▲	▲
8.05% Unemployment Rate 2024 forecast	▲	▼
2.66% 10-Yr Gov. Bond	▼	▬

Source: Moody's Analytics, Bank of Finland

ECONOMIC OVERVIEW

The Finnish economy has shown positive signs in 2024, and a gradual recovery is expected in 2025 and 2026, with GDP growth estimated at 1.5-2% for both years. Private consumption and an increase in demand in the export sector are anticipated to be the key drivers of this recovery. ECB interest rates are forecast to continue decreasing, with multiple outlets predicting the ECB rate to settle at 2-2.25% by the end of 2025, easing pressure on multiple sectors, particularly the construction industry, which has been a weak point in the Finnish economy in recent years.

Growth in disposable real income, low inflation, and decreasing interest rates have positively impacted consumer purchasing power and confidence. Although a temporary spike in inflation due to an increase in VAT is expected in the fall, inflation levels should stabilize around 2% by the end of the year. While the labor market has remained subdued and unemployment levels have risen in 2024, the anticipated economic recovery is expected to positively affect the labor market in 2025 and 2026.

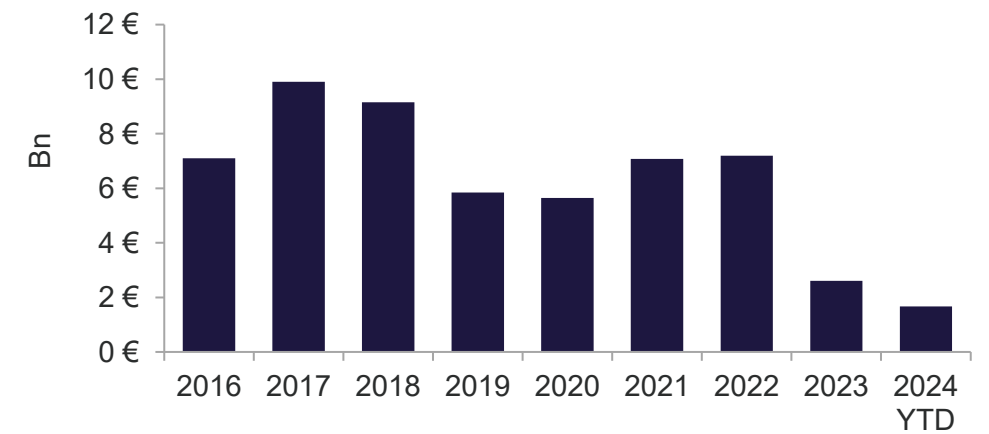
INVESTMENT OVERVIEW

In Q3 2024 the total investment volume was approximately €0.37bn. There has been a decrease in activity compared to Q2 when the transaction volume was some 0.84 bn. The most traded sectors through 2024 have been residential (31%), industrial (30%) and public use (19%). YTD 2024 the share of international investors was some 45%.

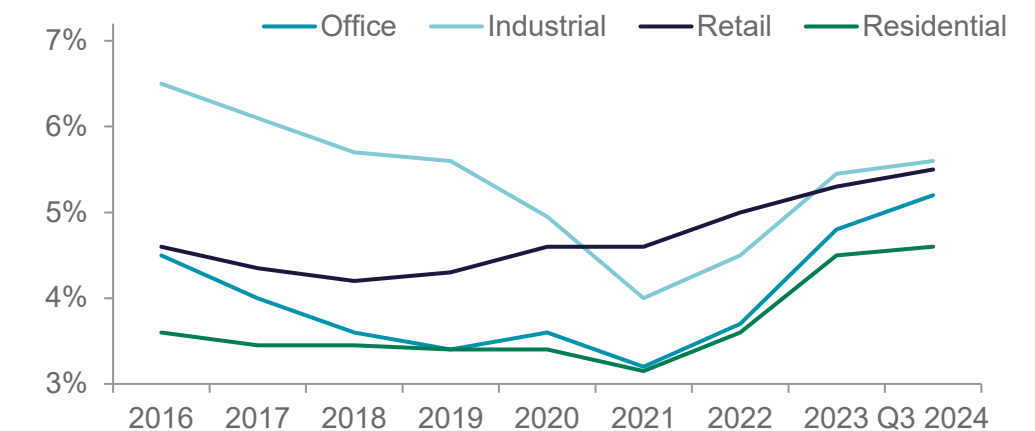
In Q3 2024, the real estate market is showing signs of improvement, although the scarcity of equity continues to slow return of volume. The Helsinki metropolitan area is experiencing population growth, while the supply of new construction in BTR and BTS remains limited, suggesting potential for strong returns in the coming years. Inflation has stabilized, interest rates have decreased, and financing is more accessible, though capital constraints still prevent full market engagement. Investors with access to private equity are positioned as winners, as they can benefit from future lending opportunities.

Social infrastructure and logistics segments remain strong, driven by genuine demand for new, functional spaces. The outlook remains cautiously optimistic as we head into the fall season, with a call for investors to re-enter the market.

INVESTMENT SALES VOLUME



PRIME YIELD TREND



INVESTMENT ACTIVITY YTD

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office	10-19	€90,000,000
Industrial	30-39	€500,000,000
Residential	20-29	€520,000,000
Retail	10-19	€220,000,000
Public use	10-19	€320,000,000
Other	1-9	€20,000,000
TOTAL	112	€1,670,000,000

SIGNIFICANT SALES Q3 2024

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE / €mn	PRICE / UNIT (€/sqm)	MARKET
Logistics property	Industrial	Logian	DEAS Asset Management	25,000	n.a.	n.a.	Vantaa
8 public use properties	Public use	Lumme Palvelukiinteistö Oy	Hoivarakentajat Oy	n.a.	30.00	n.a.	n.a.
Ahvenisto central hospital area	Public use	City of Hämeenlinna	Oma Häme	n.a.	63.00	n.a.	Hämeenlinna
Office and workshop property	Office, Industrial	n.a.	PNO Finland	2,031	n.a.	n.a.	Sipoo

Sources: KTI, Cushman & Wakefield

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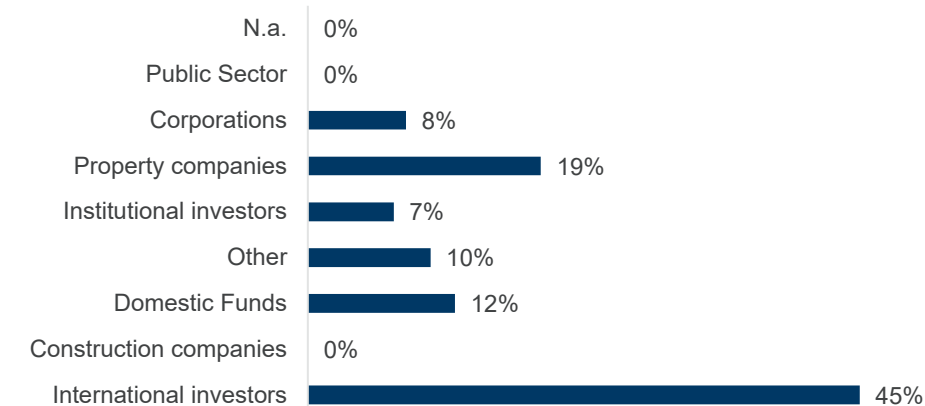
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PROFILE OF BUYERS



Source: KTI